

TAX TIPS FOR THE

DINING AND BEVERAGE INDUSTRY



Publication 22

March 2006

**CALIFORNIA
STATE BOARD
OF EQUALIZATION**

BETTY T. YEE
Acting Member
First District
San Francisco

BILL LEONARD
Second District
Sacramento/Ontario

CLAUDE PARRISH
Third District
Long Beach

JOHN CHIANG
Fourth District
Los Angeles

STEVE WESTLY
State Controller
Sacramento

RAMON J. HIRSIG
Executive Director
Sacramento

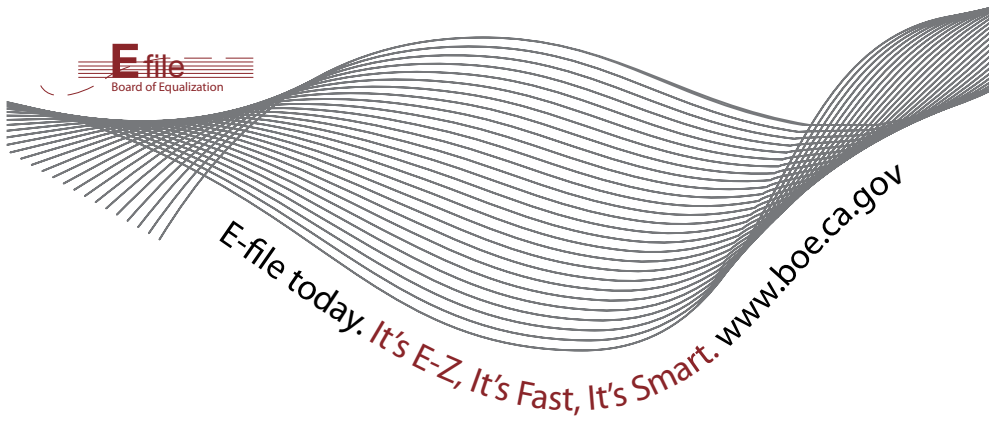
Preface

This publication is designed to help you understand California's Sales and Use Tax Law as it applies to businesses that sell meals or alcoholic beverages, or both—such as bars, delis, restaurants, and catering operations. You will also find information on complimentary food and beverages provided to guests at lodging facilities.

If you have questions that are not answered in this booklet, please call our Information Center and talk to a Customer Service Representative, 800-400-7115.

We welcome your suggestions for improving this or any other of our publications. You may use the reader survey on page 32 to let us know what you think, or you may send your suggestions to:

Audit and Information Section, MIC:44
State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0044



E-file
Board of Equalization

E-file today. It's E-Z, It's Fast, It's Smart. www.boe.ca.gov

Table of Contents

1. Restaurants, Bars, Delis, Ice Cream Parlors, and Similar Establishments	1
Food sold for consumption at your place of business	
Food sold to go	
Nontaxable sales	
Banquet charges	
2. Caterers	7
3. Places Where Admission Is Charged	12
4. Complimentary Food and Beverages—Hotels and Similar Lodging Facilities	13
5. Other Tax Issues	17
Employee meals	
Sales from hotel minibars	
Facility fees charged by retailers other than restaurants, hotels, or caterers	
Self-consumed and complimentary meals and drinks	
Nonreusable items sold with meals	
Tips, service charges, and cover charges	
Two meals for the price of one	
Sales tax reimbursement	
Inventory controls	
Recordkeeping	
6. For More Information	24
7. Appendix: Testing for the 80/80 Rule	29
Reader Survey	32

Some of Your Sales May Not Be Taxable

Although food products sold by bars, restaurants, delis, and similar establishments are generally taxable, there are some food sales that are not subject to tax.

For information on nontaxable food product sales, please visit our website at www.boe.ca.gov or call our Information Center at 800-400-7115 and download or request a copy of Regulation 1603, *Taxable Sales of Food Products*. This regulation explains the availability of tax exemptions for the following:

- Student meals
- Sales of meals by religious organizations
- Meal and food sales by such institutions as hospitals
- Meal programs for low-income elderly persons
- Meals delivered to homebound elderly or disabled persons
- Meals and food products served to condominium residents age 62 or older
- Sales to air carriers engaged in interstate or foreign commerce

In addition, Regulation 1597, *Property Transferred or Sold by Certain Nonprofit Organizations*, and publication 18, *Tax Tips for Nonprofit Organizations*, explain how tax applies to sales of food by nonprofit youth organizations and parent-teacher organizations.

Note: This publication summarizes the law and applicable regulations in effect when the publication was written, as noted on the cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, any decisions will be based on the law.

1. Restaurants, Bars, Delis, Ice Cream Parlors, and Similar Establishments

This chapter includes information on the taxability of food and beverage sales in restaurants and similar establishments. You should also read chapter 5, "Other Tax Issues," for information on

- *Employee Meals*
- *Complimentary and Self-Consumed Meals and Drinks*
- *Items Sold with Meals*
- *Tips and Other Charges*
- *Two Meals for the Price of One*

If you would like information on the taxability of other types of sales, such as greeting cards, coffee mugs, promotional items, and so forth, please refer to publication 73, Your California Seller's Permit (to order, see page 24).

Introduction

The discussion of the taxability of your food and beverage sales is divided into two categories:

- Food and beverages sold for consumption at your place of business, which are generally taxable (see below), and
- Food and beverages sold to go, which may or may not be taxable (see pages 2-4).

See also page 5 for information on "nontaxable sales," such as sales to the U.S. government, sales for resale, and sales of cold food products that are not suitable for consumption at your place of business.

Food sold for consumption at your place of business

Tax generally applies to sales of food and beverages if those items are served for consumption at your place of business.

You are considered to have a place of business where customers may consume their purchases if

- You provide tables and chairs or counters for dining, or provide trays, glasses, dishes, or other tableware; or
- You are located in a shopping mall and are near dining facilities provided by the mall (for example, you are located in or near a food court or near an area where tables and chairs are provided for dining).

Food and beverages are considered served if they are intended to be eaten at your place of business or if they are provided on, or in, an individual returnable container from which they can be eaten.

It does not matter whether a food product or beverage is sold à la carte or as part of a meal. If it is sold for consumption at your place of business, it is generally subject to tax. A meal is a combination of food products, or a combination of food products and edible nonfood products (such as carbonated and alcoholic drinks), sold for a single price.

Food sold to go

If you sell food on a to go or take-out basis, the taxability of your sale will depend on whether you come under the 80/80 rule.

■ 80/80 rule

The 80/80 rule applies to your business if

- More than 80% of your business's gross receipts come from the sale of food products (*note*: alcoholic and carbonated beverages, while taxable, are not considered food products);

AND

- More than 80% of your retail food product sales are taxable because they constitute
 - Sales of food products that you furnish, prepare, or serve for consumption at your place of business (see previous section for an explanation of *served at your place of business*); or
 - Sales of meals or hot prepared food products (see page 4, item 3, for an explanation of hot prepared food products); or
 - Sales of food products by a "drive-in" (food products ordinarily sold for immediate consumption at or near a location at which parking facilities are provided primarily for the use of patrons in consuming the products, even though they may be sold to go).

It is especially important to test for the 80/80 rule if you have just acquired a food service business or started a new food service business. You should also test for the 80/80 rule if you have recently changed the product mix in an ongoing business (for example, are you now selling more hot prepared food products?) or if you change how you serve food (for example, do you provide extra seating outside in good weather, thereby increasing the percentage of food served for consumption at your place of business?).

Evaluation for the 80/80 rule is done on a location-by-location basis. Thus, if you own multiple locations, you may fall under the 80/80 rule for one location and not fall under it for another. If you own multiple locations, each location must be

See page 29 for an example of how to test for the 80/80 rule.

considered separately. Combination locations such as restaurant-bakeries may be treated differently (see the Appendix, page 29, for more information on how to test for the 80/80 rule).

■ To-go sales if you come under the 80/80 rule

You must report tax on all food and beverages sold to go unless

- The sale is nontaxable, as described on page 5.
- You make a **special election** not to report tax on your to-go sales of (1) cold food products and (2) hot bakery goods and hot beverages that are sold for a separate price. Your sales of those products must be separately accounted for and substantiated by supporting documents, such as guest checks, cash register tapes (the cash register should have a separate key for cold food sold to go or some other way of denoting such sales). Without adequate documentation, you are liable for tax on such sales. If you come under the 80/80 rule and make this special election, you will report on to-go sales in the same manner as those who do not come under the 80/80 rule (see below).

Some food sales are never taxable, whether or not you come under the 80/80 rule. See page 5 for more information.

■ To-go sales if you do not come under the 80/80 rule

Items sold à la carte

The following information applies only to items sold à la carte. For information on sales of combination packages (packages that include two or more items sold for a single price), please see page 4.

1. Beverages

Sales of the following beverages are not taxable when sold for a separate price to go:

- Hot beverages, such as coffee, hot tea, lattes, mochas, and hot chocolate.
Note: Hot soup, bouillon, and consommé are not considered hot beverages. They are considered hot prepared food products and their sale is taxable (see page 4).
- Noncarbonated beverages, such as fruit drinks, milk, and iced tea.

Sales of the following beverages are always taxable:

- Carbonated beverages (such as soda or sparkling water)
- Alcoholic beverages

2. Cold food products (other than cold beverages)

Cold food products include cold sandwiches, milkshakes, fruit smoothies, ice cream, cold salads, cold bakery items, and so forth.

A cold food product sold individually and to go is not taxable. The sale of a cold food product sold as part of a combination package may be taxable (see “combination packages” below).

Example. If you sell an egg salad sandwich to go, you are not liable for tax on the sale. However, if you sell an egg salad sandwich as part of a combination package, you may be liable for tax (see below).

3. Hot prepared food products (other than beverages)

To-go sales of hot prepared food products are taxable (see exception below for hot bakery items).

A food product is considered a hot food product if it is heated to a temperature above room temperature (for example, grilling a sandwich, dipping a sandwich in hot gravy, or using infrared lights, steam tables, or microwave ovens). Examples of hot prepared food products include hot sandwiches, pizza, barbecued chicken, soup, consommé, bouillon, steak, and so forth.

Food is considered “hot” even if it has cooled by the time of sale since it was intended to be sold as a hot food.

If your customer buys a cold food product to go and heats the food product in a microwave oven that is accessible to the public, the sale is not taxable. It is considered a sale of a cold food product to go.

Exception: Sales of hot bakery goods are not taxable when sold to go, unless they are sold as part of a combination package (see below).

Combination packages

Combination packages are two or more items sold together for a single price (not sold individually). The taxability of your sale depends on the type of combination package being sold.

1. Packages that include hot items

If a combination package sold to go includes a hot prepared food (such as a hot sandwich or soup) or hot beverage (such as coffee or hot chocolate), its sale is taxable.

Examples. You sell a combination of hot coffee and a doughnut for a single price of \$1.50 or a combination hot pastrami sandwich and iced tea for \$4.50. Because each combination package includes a hot food or hot beverage, the selling price of both packages is taxable.

2. Packages that do not include hot items

If a combination package sold to go includes cold food and a carbonated beverage, the portion of the selling price that represents the carbonated beverage is subject to tax.

If a combination package sold to go includes cold food and a beverage other than a carbonated beverage, the sale of the package is not taxable.

Examples. You sell a value package of a cold sandwich, chips, and iced tea for a single price to go—the sale is not taxable. You sell the same package with a carbonated soda—the portion of the selling price representing the charge for the soda is taxable.

Exception—returnable containers. If you sell a combination of cold food products in an individual *returnable* container from which the individual serving is intended to be eaten (for example, a glass plate), the sale is subject to tax. In this instance, the sale is considered a sale of a served meal, which is generally taxable.

Nontaxable sales

Do not report tax on

- Sales of cold food products sold *in a form that is not suitable for consumption on the premises and not eaten on the premises*. A cold food product is not “suitable for consumption on the premises” if it requires further processing by the customer, or is sold in a size not ordinarily consumed by one person. For example, the sale of a frozen pizza is not taxable because it requires further processing by the customer. And the sale of a quart of potato salad, a quart of ice cream, or a whole pie would not be taxable because those amounts would not ordinarily be consumed by one person (when sold without eating utensils or dishes for consumption on the premises).

See Regulation 1603, *Taxable Sales of Food Products*, for more examples of food not suitable for consumption on the premises.

- Sales that are not subject to tax, such as sales to the U.S. government and sales for resale.

Banquet charges

■ Facility usage

Note: The following information applies to restaurants and similar establishments. Different rules apply to caterers. See pages 7-11 for more information.

Charges by restaurants for the use of premises on which meals, food, or drinks are served are taxable, whether or not the charge is separately stated on the invoice. For example, if you charge a \$100 fee for the use of a banquet room for a holiday party, the fee is taxable.

■ Charges for serving customer-furnished food and beverages

Charges for cutting and serving customer-furnished food and beverages are taxable. For example, a “corkage fee” for opening customer-furnished wine is taxable.

■ Dance floors, podiums, stage equipment

If you charge your customers for the use of property that is not used in connection with the furnishing or serving of meals, food, or drinks, you are considered a lessor of the property. For example, you may charge for the use of special lighting for guest speakers, sound or video systems, dance floors, stages, decorative props related solely to optional entertainment, and so forth.

As the lessor of the property, you may or may not be required to report and pay tax on your charges to your customers for the use of that property. If you paid California sales or use tax on *your* purchase or rental of the property, tax does not generally apply on what you charged your customer for the use of the property. If you did not pay California sales or use tax on *your* purchase or rental of the property, the rental charges to your customer are taxable.

■ Items used to serve meals, food, and drinks

You are considered a consumer of tangible personal property normally used in the furnishing and serving of meals, food, or drinks—such as tables, chairs, glasses, silverware, dishes, linens, and so forth. As a consumer, you cannot issue a resale certificate to purchase or rent such items (because you are considered to be using those items in connection with the sale of meals, rather than renting them to your customer).

2. Caterers

This chapter includes information on the taxability of food and beverage sales made by caterers. Under the Sales and Use Tax Law, you are considered a caterer if you serve meals, food, or drinks on the premises of your customer, or on premises supplied by the customer. You are not considered a caterer for tax purposes if you sell food to go or if you merely deliver food (that is, you do not provide any dishes, flatware, and so forth, to serve food). See chapter 1 for information on the taxability of such sales.

Note: *This chapter does not apply to sales of food and beverages to guests at hotels, bed and breakfast inns, and other lodging facilities if the food and beverage charges are included in the price of the room. See Chapter 4, page 13, for information on the taxability of such sales.*

Application of tax

■ Food and drinks

Charges for food and drinks are taxable.

■ Serviceware, tables, and so forth

If you charge a lump-sum amount for meals that includes charges for the use of dishes, silverware, table linens, glasses, tables, and other items used in connection with preparing and serving meals, your total lump-sum charge is taxable.*

In addition, you may not issue a resale certificate to purchase or rent such serviceware, tables, and so forth, because you are considered using these items in connection with the sale of the meals, rather than renting them to your customer.

However, if you separately state or itemize charges for the rental of these items (dishes, tables, and so forth), you are considered to be leasing the property to your customer. If you paid sales or use tax when you purchased or rented those items, tax does not apply to the rental to your customer. If you did not pay tax to your supplier when you purchased or rented the property, the itemized rental charges to your customer are taxable.

Note—disposable items. Charges for disposable serviceware—such as paper plates, napkins, plastic utensils, glasses, cups, and place mats—are taxable. This is true whether or not your billings are itemized.

Disposable serviceware is considered sold with meals, food, or drinks, and may be purchased with a resale certificate.

* “Other tangible personal property used to serve food and beverages” includes tents, canopies, subflooring, generators, air compressors, lighting, electrical fixtures, and so forth, which provide—or are an integral part of—temporary shelter for the service of meals, food, or drinks.

See pages 10-11 for examples of invoices and how tax applies to certain charges.

■ Labor charges and preparation charges

Charges for the serving and preparation of food and drinks—whether performed by you, an employee, or a subcontractor—are taxable. Tax applies even if you do not provide the food and drinks.

■ Charges for serving customer-furnished food and beverages

Charges for cutting and serving customer-furnished food items, such as wedding cakes, are taxable. Similarly, charges for opening and serving customer-furnished beverages are taxable (for example, a “corkage fee” for opening and serving customer-furnished wine is taxable).

■ Facility charges

Caterers’ separately stated charges for the rental of a facility for serving meals, food, or drinks are not taxable. However, your charges for the meals, food, or drinks must be reasonable in order for the facility charge to be nontaxable. In addition, if you charge a facility rental as a guarantee against a minimum charge for meals, food or drinks, the charge for the guarantee is taxable.

Note: A restaurant’s charges for the rental of a facility are generally taxable. See page 5 for more information.

■ Dance floors, stage equipment, and so forth

If you paid sales or use tax on the purchase or rental of a dance floor, podium, sound/video system, or other such equipment (that is, items unrelated to serving or furnishing meals, food, or drinks), tax does not generally apply to the rental of such property to your customers. However, if you did not pay tax to your supplier when you purchased or rented the property, the rental charges to your customer are taxable.

■ Parking attendants, checkroom attendants, security guards, entertainment, and so forth

Charges for the above personnel are not subject to tax, provided those persons do not also participate in the service of food and drinks.

■ Miscellaneous tangible personal property (for example, menus, decorations, and photographs)

Separately stated charges for miscellaneous items such as printed programs and menus, floral or balloon decorations, ice sculptures, pads of paper, pens, flip charts, and so forth are subject to tax. Charges for photographs are also taxable without deduction for the photographer’s hourly charges (for more information, see publication 68, *Tax Tips for Photographers, Photo Finishers, and Film Processing Laboratories*).

■ Coordinator fees

Charges for professional planning or coordinating of events are taxable if the fees are charged in connection with the sale of tangible personal property. For example, if the main purpose of planning a wedding reception is the preparation and furnishing of food and beverages, fees charged for coordinating the reception are taxable.

■ Other considerations

Sales for resale

Tax does not apply if you prepare or serve food, meals or drinks to a buyer who will sell those items at retail and report tax on their sale. In such instances, the buyer should provide you with a valid resale certificate.

Sales to the U.S. government

Sales to the U.S. government are exempt from tax. To support your exempt sale, you must keep a U.S. government purchase order showing that the sale was made directly to the U.S. government. If the purchase is paid by credit card, you should keep copies of the sales invoice and the credit card receipt. The credit card must belong to the U.S. government. A sale paid with a personal credit card does not qualify as an exempt sale to the U.S. government—even if the person paying will be reimbursed by the government. For more information, see publication 102, *Sales to the U.S. Government*.

Meals served at a school

Your sales are taxable if you are

- Hired by a school, school district, or student organization to sell meals and other food products to students at a school, and
- Paid directly by the students or their parents—rather than the school—for the meals and other food products.

Under the conditions listed above, your sales are taxable because you are selling the food products directly to the students and not for resale to the students.

However, your sales are not taxable if your contracts and records show that all of the following conditions are met:

- The facilities you use to serve lunches to the students are routinely used by the school for other purposes, such as sporting events and other school activities during the remainder of the school day;
- The fixtures and equipment you use to prepare and serve the meals are owned and maintained by the school; and
- The students purchasing the meals cannot distinguish between you or your employees from the other employees at the school.

Caterer's Invoice Example A

Catering 4 U

4 Star Food & Service

Meals – 125% @ \$24 each	\$3,000.00 ¹
Service charge on meals – 20%	600.00
Centerpieces, balloons, party favors	1,200.00
Dance floor rental	<u>500.00²</u>
Subtotal	5,300.00
Tax (\$5,300 x 7.25%)	<u>384.00</u>
Total	<u>\$5,684.25</u>

In this example, all charges to the customer are subject to tax.

1. Meals

There is no separate charge on the invoice for items used in connection with preparing and serving the meals. Those charges are included as part of the price for the meal. As explained on page 7, if you charge a lump-sum amount for meals that includes charges for the use of dishes, silverware, table linens, glasses, tables and other items used in connection with preparing and serving meals, your total lump-sum charge is taxable. Catering 4 U may not issue a resale certificate when they purchase or rent such items.

2. Dance floor

This example assumes that Catering 4 U issued a resale certificate to their supplier for rental of the floor. Consequently, tax applies to the invoice charge for the floor rental. If Catering 4 U had paid tax on the floor rental, tax would not apply to the \$500 rental charge on the invoice.

Caterer's Invoice Example B

Ye Olde Wedding Chapel

Meals – 125% @ \$18 each	\$2,250.00
Service charge on meals – 20%	450.00
China, crystal, silver, and linen rental	1,000.00 ¹
Centerpieces, balloons, party favors	1,200.00
Reception hall rental	800.00 ²
Security officer	150.00 ³
Subtotal	5,850.00
Tax (\$5,300 x 7.25%)	355.25
Total	<u>\$6,205.25</u>

In this example, tax applies to all charges except those for the reception hall rental and security officer.

1. China, crystal, silver, and linen rental

In this example, the caterer has itemized the rental charge for the china, crystal, silver, and linens used at the event (the rental charge for those items is not included in the meal charge). We have assumed that the caterer issued a resale certificate for his or her purchase or rental of those items. As a result, the itemized charge to the customer is subject to tax. As explained on page 7, (“Serviceware, tables, and so forth”), if you do not pay tax to your supplier when you purchase or rent such property, the itemized rental charge to the customer is taxable. If you do pay sales or use tax when you purchase or rent those items, tax does not apply to the itemized rental charge to the customer.

2. Reception hall rental

Separately stated charges for the rental of a facility in which you serve meals, food, or drinks are not taxable. However, your charges for the meals, food, or drinks must be reasonable in order for the facility charge to be nontaxable. Facility charges may also be taxable if they are charged as a guarantee against a minimum charge for food and drinks. See page 8 for more information.

3. Security officer

As explained on page 8, charges for security officers are not subject to tax, provided those persons do not also participate in the service of food and drinks.

3. Places Where Admission Is Charged

This chapter includes information on the taxability of food and beverage sales in places where admission is charged. If you cannot find an answer to your questions in this chapter, please call our Information Center. You should also read chapter 5 for information on employee meals; complimentary and self-consumed meals and drinks; and tips and other charges.

Taxability of food and beverage sales

In general, tax applies to sales of food products that are sold within a place where admission is charged and the food is for consumption at that place. Places where admission is charged include sports and music events, amusement parks, county fairs, swap meets, trade shows, and so forth.

There are some exceptions where tax may not apply to sales made within a place where admission is charged. Those exceptions include, but are not limited to, the following:

- *Sales made by qualified nonprofit youth organizations or nonprofit parent-teacher organizations.* Such organizations should refer to publication 18, *Tax Tips for Nonprofit Organizations* for more information.
- *Cold food products sold in a form not suitable for consumption on the premises.* A cold food product is not “suitable for consumption on the premises” if it requires further processing by the customer, or is sold in a size not ordinarily consumed by one person. For example, the sale of unbaked pizzas, cookie dough, canned jams, and loaves of bread would not be taxable because those items require further processing by the customer. And the sale of a quart of milk, a quart of ice cream, or a whole pie would not be taxable because those amounts would not ordinarily be consumed by one person. Additional examples can be found in Regulation 1603, *Taxable Sales of Food Products*.

Places where admission is charged—a closer look

There are instances where sales are made in places that do not qualify as places where admission is charged. Examples include the following: national and state parks, campgrounds, and recreational vehicle parks; places where admission is based on membership dues or the use of a student body card; and places where no entrance charge is made for spectators, such as golf courses and bowling alleys. When the place does not qualify as a place where admission is charged, some food sales will be taxable, while others will not. Because of the variety of rules that apply, you should contact our Information Center for advice on the taxability of your sales.

4. Complimentary Food and Beverages—Hotels and Similar Lodging Facilities

Who should read this chapter?

You should read this chapter if you operate a hotel, motel, bed and breakfast inn, or other lodging establishment and provide complimentary food and beverages to guests as part of the guests' room rental.

American Plan hotels—see *chapter 1*. The information provided in this chapter does **not** apply to American Plan hotels that charge guests a fixed daily rate for guest room accommodations, *all* meals, and service. Your sales of meals are subject to the provisions that apply to restaurants and similar establishments (see chapter 1).

Sales by institutions. For information on meal and food sales by institutions such as hospitals, see publication 45, *Tax Tips for Hospitals*. For information on meals and food products served to condominium residents age 62 or older, see Regulation 1603, *Taxable Sales of Food Products*.

What are *complimentary* food and beverages?

You are considered to be providing “complimentary food and beverages” if you

- Provide food and beverages, including nonalcoholic and alcoholic beverages, to guests at no additional charge;
- Do not segregate food and beverage charges from room charges on your guests' bills; and
- Do not give the guests an option to refuse food and beverages in return for a discounted room rental.

General application of tax

If you operate a lodging facility and make sales as described above, you are either a consumer or retailer for sales and use tax purposes.

If you are a retailer, you are liable for tax on your sales of food and beverages to your guests.

If you are a consumer, you are not liable for tax on your sales of food and beverages to your guests, but tax does apply to your purchases of

- Nonfood products, such as alcoholic beverages and carbonated beverages (for example, soda or sparkling water)

- Nonreusable containers and other items provided with the food and beverages (for example, “to go” boxes or cups and plastic utensils)
- Meals from outside vendors or restaurants. (Of course, if *you* prepare the meals, tax does not apply to your purchases of ingredients that are food products.)

Are you a consumer or a retailer of complimentary food and beverages?

The decision table below will help you to determine whether you are a retailer or consumer for tax purposes. In some cases, you will be referred to a mathematical formula to help you make the determination.

Note: You are considered a retailer and do not need to use the following decision table when

- Your guests pay more than their complimentary allowance for food and beverages (for example, they buy an additional bottle of wine).
- You are compensated by non-guests for “complimentary” food and beverages.

In the above instances, you are liable for tax on your sales of food and beverages as described in chapter 1.

Decision Table

1. Do you provide coupons or similar documents that are exchanged for the complimentary food and beverages?

Yes (go to next step) No (go to the formula on page 15)

2. Are the complimentary meals provided in an area of the hotel where food and beverages are served on a regular basis to the public (restaurant)?

Yes (go to next step) No (go to the formula on page 15)

3. Is the eating area (restaurant) operated by the hotel? (As opposed to being operated by an outside vendor)

Yes (go to next step) No (you are a **consumer** for tax purposes)

4. Is the guest specifically identified by name on the coupon or similar document?

Yes (go to next step) No (you are a **retailer** for tax purposes)

5. Are the coupons or documents transferable?

Yes (you are a **retailer** for tax purposes)

No (you are a **consumer** for tax purposes)

Formula for determining consumer or retailer status

If you were directed here by the decision table on the previous page, you will need to perform the following percentage test to determine whether the retail value of the complimentary food and beverages is incidental to the room rental.

$$\frac{\text{average retail value of complimentary food and beverages}}{\text{average daily rate}} = \%$$

If the resulting percentage is 10 percent or less, the retail value of the complimentary food and beverages is “incidental” to the room rental, and you are considered a consumer for tax purposes. If the resulting percentage is greater than 10 percent, you are considered a retailer for tax purposes.

Before you start ...

If your hotel has been in operation for less than one year, a slightly different calculation is used. Call 800-400-7115 for assistance.

Concierge floors, club levels, and similar programs, are treated like independent hotels (separate from the hotels and lodging facilities in which they operate). The average daily rate and average retail value discussed below should be calculated based on the guest room accommodations to which the program privileges apply.

■ Step 1: Determine the average daily rate (ADR)

Divide the gross room revenue for the preceding calendar year by the number of rooms rented for that year.

Gross room revenue means the full charge to the hotel guest but does not include separately stated occupancy taxes or revenue from contract and group rentals that do not qualify for complimentary food and beverages. “Gross room revenue” also does not include revenue from special packages (for example, New Year’s Eve packages), unless it can be documented that the retail value of the food and beverages provided as a part of the package is 10 percent or less of the total package charge.

■ Step 2: Determine the average retail value (ARV) of the complimentary food and beverages

This means the total amount of the costs of the food and beverages for the preceding calendar year, marked up by 100 percent, and divided by the number of rooms rented for that year.

“Costs of complimentary food and beverages” includes charges for delivery to the lodging establishment but do not include discounts taken or sales tax reimbursement paid to vendors.

Number of rooms rented for that year means the total number of times all rooms have been rented on a nightly basis, provided the revenue for those rooms is included in the “gross room revenue.” For example, if a room is rented out for three consecutive nights by one guest, that room will be counted as rented three times when computing ADR.

■ Step 3: Apply the formula

Divide the answer in Step 2 by the answer in Step 1. If the resulting percentage of the formula is 10 percent or less, your food and beverage costs are considered incidental and you are considered a consumer for tax purposes, rather than a retailer. If the result is more than 10 percent, you are considered a retailer and your sales are subject to tax measured by the fair retail value of similar food products sold to the general public. If you do not sell similar items to the general public, the amount subject to tax is the cost of the complimentary food and beverages plus at least a 100 percent markup.

Examples

The following example illustrates the application of the formula:

First: Determine the average daily rate

$$\begin{array}{ll} \$257,000 & \text{(gross room revenue)} \\ 2,252 & \text{(rooms rented for the year)} \\ \hline \$257,000 \div 2,252 = \$114.12 & \text{(ADR)} \end{array}$$

Second: Determine the average retail value

$$\begin{array}{ll} \$ 4,166.00 & \text{(cost of complimentary food/beverages)} \\ + 4,166.00 & \text{(100\% markup)} \\ \hline \$ 8,332.00 & \\ \$8,332.00 \div 2,252 \text{ rooms} = \$3.70 & \text{(ARV)} \end{array}$$

Third: Divide the average retail value by the average daily rate

$$\$3.70 \div \$114.12 = 3.24 \%$$

In this example, because the percentage is 10% or less, the hotel is considered a consumer for tax purposes.

5. Other Tax Issues

Employee meals

If you furnish meals to individual employees and if you make a *specific charge* for those meals, the meal charges are taxable and must be reported on your sales and use tax return.

A *specific charge* is considered to have been made if one or more of the following conditions exist:

- The employee pays cash for meals consumed
- The value of the meals is deducted from the employee's paycheck
- The employee receives meals in lieu of cash to bring compensation up to legal minimum wage
- The employee has the option to receive cash for meals not consumed

There is no specific charge when a value is placed on the meals solely for payroll tax purposes for employees receiving the minimum wage or more.

Sales from hotel minibars

Minibars, located in rooms and suites rented to hotel customers, generally contain carbonated beverages, alcoholic beverages, and various snack food items provided as a convenience to hotel guests. At checkout, guests are charged for items consumed from the minibars. When the items sold are cold food products, the sale to hotel guests is not taxable. However, sales of nonfood items, such as sodas, alcoholic beverages, and so forth, are taxable whether sold from hotel minibars or other hotel locations.

For information on food and beverage charges included in guest rates, see pages 13-16.

Facility fees charged by retailers other than restaurants, hotels, or caterers*

Some businesses whose facilities are not used primarily for serving food and beverages may contract to provide facilities and food and beverages for events. For example, a zoo, winery, museum, or aquarium may contract to provide meals and facilities for a wedding, retirement party, or other event.

The facility fee is not subject to tax so long as

- The charge for the facility is stated separately on the invoice, and
- The facility is used primarily for purposes other than serving meals and beverages.

* Under the Sales and Use Tax Law, you are considered a caterer if you serve meals, food, or drinks on the premises of your customer, or on premises supplied by the customer.

Examples

A winery has a courtyard area designed for wedding receptions. In addition to charging for meals and drinks, the winery charges a fee for use of the courtyard. Since the courtyard is used primarily for serving meals and beverages, the fee for the use of the courtyard is taxable. However, if the bridal party rented the entire winery for the reception, separately stated charges for use of the facilities would not be taxable.

An aquarium has a café that it rents out for holiday parties. If the customer rents the café for the party, the charge for the use of the facility is taxable because the café is used primarily for serving food and beverages. However, if the customer rented the entire aquarium for the party, separately stated charges for the use of the aquarium would not be taxable.

Self-consumed and complimentary food and beverages

If you consume or give away food, noncarbonated beverages, or nonalcoholic drinks, you do not owe any tax for those items. However, if you consume or give away nonfood items (such as carbonated or alcoholic drinks) that you purchased without payment of tax, you must pay use tax, based on your cost of those items.

Example. A pizza parlor owner gives employees pizza and soda for their dinner break. The owner did not pay tax on the items because they were nontaxable or were purchased for resale. The owner does not owe use tax for the pizza (a nontaxable food product), but does owe use tax on the cost of the carbonated beverage (a taxable nonfood product).

There are some instances where the donation of taxable items would not be subject to use tax. For example, donations of taxable items to certain charitable organizations are considered to be exempt from tax. For more information on exempt charitable organizations, please visit our website at www.boe.ca.gov and download Regulation 1669, *Demonstration, Display, and Use of Property Held for Resale—General* or contact our Information Center, 800-400-7115.

For most restaurants, delis, bars, and similar establishments, a recordkeeping system similar to that described for complimentary meals and drinks (see page 23) will prove satisfactory in most cases when recording owner or employee self-consumed merchandise.

Hotels and other lodging establishments that provide complimentary meals and beverages as part of room rental charges should retain additional records if they are required to apply the formula described on pages 15 and 16. The records should document the figures used to apply the formula.

Nonreusable items sold with meals

In general, you are considered the retailer of paper plates, toothpicks, disposable to-go containers, straws, plastic utensils, paper napkins, and similar items that are not of a reusable character which you furnish with the foods and beverages you sell (these items are considered to be included in the price for the food or beverage). Consequently, you can issue a resale certificate to purchase those materials.

Note: You owe tax on your purchases of these items when you are the consumer rather than the retailer of the food and beverages.

Tips, service charges, and cover charges

■ Tips

Tips are not taxable if they are paid by customers on an entirely voluntary basis and are retained by employees. Tips received by your employees directly from customers at the end of a meal without any prearrangement are considered voluntary.

Mandatory “tips” or required service charges, on the other hand, are taxable. Examples of mandatory charges are written statements on menus, brochures, or advertisements that tips will be added to meal prices. In the case of banquets, any gratuities that are agreed to in advance are considered required, not voluntary, and as a result are subject to tax. For example, if your standard banquet agreement states “the suggested gratuity is 15%” and prior to the event, your customer agrees to this or some other negotiated amount, the gratuity is taxable.

For more information, please see publication 115, *Applying Sales Tax to Tips and Related Payments*.

■ Service charges

Service charges added to the price of meals instead of, or in addition to, tips are a part of the selling price of the meals and are subject to tax, even though they may be paid over to employees.

■ Cover charges

Cover charges that customers may recoup in food and beverages are taxable (whether or not the customer recoups those charges). On the other hand, separate charges solely for admission or for a ticket to a place furnishing entertainment are not subject to tax.

Two meals for the price of one

If you accept two-for-one coupons or other discount coupons or cards that allow customers to purchase food or beverages at a reduced price, your tax liability is based on the amount you receive for the sale.

Examples

You serve two \$12 meals for the price of one under a dine-out plan and charge your customer a total of \$12 for both meals. Tax applies to the \$12 total (before optional tip).

You serve a \$15 meal and an \$11 meal, and your customer gives you a coupon which indicates the cheaper of the two meals is free. You charge your customer \$15 for the two meals. Tax applies to the \$15 (before optional tip).

Your customer uses a dine-out plan that entitles the holder to receive a 50 percent discount off the regular meal price, with a maximum discount of \$4. Your customer orders a \$10 meal and you reduce the price by \$4. Tax applies to the \$6 charged for the meal (before optional tip).

Note: If a dine-out plan provides for any reimbursement from the promoter, that amount is subject to tax and must be included as part of total sales on your sales and use tax return. If, in the first example, you receive \$2 from the promotion agency for a redeemed coupon, sales tax would apply to \$14—the total of \$12 received from the customer plus \$2 received from the promotion agency.

Sales tax reimbursement

Although you are liable for paying the sales tax on your taxable retail sales, the law provides that you can be reimbursed by your customers for the tax. You can be reimbursed under one of the following conditions:

- In printed material directed to the purchasers (such as a menu or advertisement) a notice is included to the effect that reimbursement for sales tax will be added to the sales price of all items or certain items, whichever is applicable
- Sales tax reimbursement is shown on the sales check or other proof of sale
- The agreement of sale expressly provides for such addition of sales tax reimbursement
- You post on the premises, in a location visible to purchasers, the amount of tax

■ Sign posting requirements

Some bar operators include sales tax in the price of drinks sold and consumed at the bar, but add tax as a separately stated amount when the waiter serves the drink at a table or elsewhere on the premises.

If you sell drinks at a tax-included price throughout the premises, including bar, cocktail lounge, and dining room and want to claim a deduction for sales tax included, the Board will consider that sales tax is included in the total selling price if you post a notice on your premises that reads substantially as follows:

All prices of taxable items include sales tax reimbursement computed to the nearest mill.

If you desire to sell drinks at a tax-included price at the bar and in the cocktail lounge only, or at the bar only, a sign similar to that above, and indicating the areas to which the sign applies, should be prominently displayed in the areas in which the drinks are served.

If you want to add tax separately to the price of drinks served by a waiter at a table or elsewhere, a statement should be included on the menu, or placed on the tables, reading substantially as follows:

Sales tax will be added to the price of all food and beverage items served.

When the same type of drink is sold at both tax-included and tax-added prices as described above, a strict and accurate segregation should be made of sales under each tax reimbursement method.

■ If you have collected too much tax from your customer

If you collect more than the required amount of tax for a sale, the excess amount must be returned to the purchaser or paid to the state.

Inventory controls

It is recommended that tavern and restaurant owners pay special attention to inventory controls. In a highly competitive environment, lax handling of inventories can mean the difference between success or failure for a business. And, of course, good inventory controls minimize the possibility of additional tax assessments.

As a business operator, you must be able to account for merchandise that you have purchased for resale to your customers. You should ensure that your records of purchases for resale are accurate and complete and do not include supplies or other items not for resale.

To prevent losses that cannot be accounted for, you should also maintain inventory controls from the time goods are purchased until they are sold or used.

■ Inventory controls—bar operators

Some methods used by successful operators for proper inventory control include the following:

- All deliveries are checked in, and the manager is present while delivery is being made.
- The bulk of liquor purchases are stored in a locked storeroom. Keys to the storeroom are in the possession of the bar owner, manager, or other designated responsible person only.
- Liquor issued from the storeroom is recorded as it is issued.

- A complete inventory of all bar merchandise is taken at least monthly, and the calculated cost of liquor sold is compared with the desired percentage of cost set as the goal.
- Purchases, as shown on invoices, are posted on an inventory card by brands, and checked off the card when issued to the dispensing bars. This provides a perpetual inventory which can be easily verified by frequent counts.
- A bar schedule is established for each bar. This consists of a definite number of bottles of each brand that should be constantly stocked at each bar (such as 4 quarts of Cutty Sark, 12 quarts of Bar Vodka, 1 bottle of Gran Marnier, and so forth).
- All empty bottles are retained at the bar. The bar manager, owner, or someone in charge replaces each empty with a full bottle of the same brand out of the storeroom.
- Banquet or service bars that can be locked are handled in a similar manner. The banquet bar, if not locked, is stocked with a scheduled number of bottles of each variety prior to each banquet, and removed thereafter.

■ Merchandise losses from theft, fire, or natural disaster

If you have lost merchandise as the result of shoplifting, robbery, internal theft, fire, or natural disaster, it is important that you be able to document those losses if you are audited. Proof may be in the form of a report from a private agency employed to track down losses, a police report, insurance claim, or other documentary evidence.

Note: Because sales tax is measured by sales, robberies of cash are not deductible for sales tax purposes. You are required to pay sales tax on taxable sales in the usual manner despite a loss of the proceeds from those sales.

Recordkeeping

■ Don't mix bar and restaurant receipts and purchases

If you operate a restaurant in conjunction with a bar, you should ensure that all purchases and sales for your restaurant operations are segregated in your books and records from your bar operations.

The bar and the restaurant usually have different profit margins. Accurate segregation of sales and costs of goods sold will help you determine whether you are realizing the desired percentage of gross profits. It will also help you detect any leakage or pilferage.

■ Complimentary meals and drinks

Keep a written record of your policy regarding complimentary drinks to customers and drinks consumed by employees. In addition, maintain a record of complimentary merchandise. There are several good reasons for this record keeping:

- Ownership controls over business operations are greatly improved.
- You are considered the consumer rather than the seller for sales and use tax purposes and as a result are liable only for the tax on the cost to you of nonfood items that you give away (such as alcoholic beverages and carbonated soft drinks).
- It supports the amounts reported on returns, thus avoiding the use of estimates.

The types of records you use may vary from memo sales slips prepared at the time of issuance of free meals or drinks, to a record maintained on a daily basis. At the end of the reporting period, the total cost of the taxable items given away is computed and included in the sales and use tax return for that period as self-consumed merchandise. Be sure to keep all records that show your computations.

■ Price changes and “happy hours”

Be sure to keep evidence of price changes, changes in the size of glasses, sales during “Happy Hours,” or other variations from your usual pricing practices.

If your business is audited, the auditor may prepare a “markup test” to determine whether recorded sales are essentially accurate. Price changes and changes in glass sizes may significantly affect the outcome of this test.

We suggest you keep the following records:

- *Changes in glass sizes.* Keep dated purchase invoices which indicate the period in which a different glass size was first put into service.
- *Price changes.* Retain old menus, or make a note in the records, showing the price change and date of the change. Cash register tapes or invoices should be retained as supporting documents.
- *Happy Hours.* “Happy Hours” is a period when drinks are sold at lower prices than during normal business hours. Retain menus, “Happy Hour” sale signs, and cash register tapes showing sales made during “Happy Hours.” These should be incorporated in your business records.
- *Size of the pour.* Establish the amount of the liquor served in cocktails—both on the stem and on the rocks—as part of your control procedure.

The best time to obtain proof is when the changes are made—not later, when the auditor is checking your records.

6. For More Information

Website

For publications, forms, regulations, and much more: www.boe.ca.gov

Information Center

If you have a general tax question, please call our toll-free number and speak with a customer service representative. Representatives are available weekdays from 8:00 a.m. to 5:00 p.m., except state holidays. Please call:

800-400-7115 TDD/TTY: 800-735-2929

Assistance is available in languages other than English.

Questions regarding your account

Please call the office that maintains your records. The name and telephone number of the appropriate office is printed on your tax returns. Field office telephone numbers are provided on page 27.

Verifying a permit/license (sales for resale)

If a customer gives you a resale certificate for a purchase, you may contact us to verify the customer's seller's permit number. You can also verify a cigarette/tobacco license and an E-Waste Recycling Fee account.

Use the Internet: www.boe.ca.gov. Look for "Verify a Permit/License."

Call our toll-free automated verification service: 888-225-5263. You will need to provide the seller's permit number you want to verify.

Faxback service

Our faxback service, which allows you to order selected forms and publications, is available 24 hours a day. Call 800-400-7115 and choose the fax option. We'll fax your selection to you within 24 hours.

Suspected tax evasion

You can call toll free to report suspected tax evasion. Call 888-334-3300.

Publications and regulations

To obtain copies of forms, publications, and regulations, you may

Use the Internet: www.boe.ca.gov. You may order forms and publications using our online ordering system. Or if you need a copy now, you may view or download copies of forms, publications, and regulations.

Call our Information Center. A customer service representative will help you during working hours. If you know the name or number of the document you need, you can call outside working hours and leave a recorded message. Certain documents are also available on our faxback service, described above.

Selected regulations and publications that may interest you are listed below. A complete listing of sales and use tax regulations and publications appears in publication 73, *Your California Seller's Permit*.

■ Regulations

- 1597 Property Transferred or Sold by Certain Nonprofit Organizations
- 1602 Food Products
- 1603 Taxable Sales of Food Products
- 1669 Demonstration, Display, and Use of Property Held for Resale—General
- 1698 Records
- 1700 Reimbursement for Sales Tax
- 1821 Foreword—District Taxes

■ Publications

Translated publications. Some of our publications are available in languages other than English. The letters C, F, K, S, or V after a publication title below indicate that a translated version is available (C for Chinese, F for Farsi, K for Korean, S for Spanish, V for Vietnamese).

- 17 Appeals Procedures: Sales and Use Taxes and Special Taxes (S)
- 18 Tax Tips for Nonprofit Organizations (S)
- 44 Tax Tips for District Taxes (S)
- 45 Tax Tips for Hospitals
- 51 Guide to Board of Equalization Services (C, K, S, V)
- 61 Sales and Use Taxes: Exemptions and Exclusions
- 70 The California Taxpayer's Bill of Rights (C, K, S, V)
- 73 Your California Seller's Permit (C, F, K, S, V)
- 74 Closing Out Your Seller's Permit (C, K, S)
- 75 Interest and Penalties
- 76 Audits (F, K, S)
- 112 Purchases from Out-of-State Vendors (S)
- 116 Sales and Use Tax Records (S)



Written tax advice

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction. Please send your request to the Board office that handles your account. Written tax advice is specific to individual taxpayers. You cannot obtain tax relief by relying on a written opinion given to another business, even if your transactions are similar. In addition, tax relief is not available for advice we give you in person or over the telephone.

Classes

Some of our local offices offer basic sales and use tax classes. Check our website at www.boe.ca.gov under “classes” for a listing of classes or to see our online Basic Sales and Use Tax tutorial. You can also call your local office for class information.

Taxpayers’ Rights Advocate

If you have been unable to resolve a disagreement through normal channels, we encourage you to contact the Taxpayers’ Rights Advocate office:

Taxpayers’ Rights Advocate Office, MIC: 70
State Board of Equalization
P.O. Box 942879
Sacramento CA 94279-0070
Phone: 888-324-2798 toll-free
916-324-2798
Fax: 916-323-3319

Field offices

City	Area Code	Number	City	Area Code	Number
Bakersfield	661	395-2880	Salinas	831	443-3003
Culver City	310	342-1000	San Diego	619	525-4526
El Centro	760	352-3431	San Francisco	415	356-6600
Fresno	559	248-4219	San Jose	408	277-1231
Kearny Mesa	858	636-3191	San Marcos	760	510-5850
Laguna Hills	949	461-5711	Santa Ana	714	558-4059
Long Beach	562	901-2483	Santa Rosa	707	576-2100
Norwalk	562	466-1694	Suisun City	707	428-2041
Oakland	510	622-4100	Van Nuys	818	904-2300
Rancho Mirage	760	346-8096	Ventura	805	677-2700
Redding	530	224-4729	West Covina	626	480-7200
Riverside	951	680-6400	Out-of-State Accounts		
Sacramento	916	227-6700	Please call 916-227-6600.		

7. Appendix

Testing for the 80/80 rule

As noted in the first chapter, the taxability of your to-go sales will depend on whether you come under the 80/80 rule. You come under this rule if

- More than 80 percent of your gross receipts come from the sale of food products *
- AND
- More than 80 percent of your retail food product sales would normally be taxable (for example, food products served as meals; sold for consumption at facilities you provide; sold as hot prepared foods; or sold at an establishment defined as a drive-in).

It may be readily apparent that you qualify (most fast food restaurants qualify, for example). Or it may be necessary to use the table below to evaluate your sales more closely.

Although you may meet both criteria of the 80/80 rule, you may elect to separately account for the sale of to-go orders of cold food products or you may begin immediately to report tax as explained on page 3, "To-go sales if you come under the 80/80 rule."

If you *do not* qualify at this time, you should monitor your sales and at the end of every 90 days reevaluate your sales to determine whether your status has changed. You should retain the records of your 90-day tests. In the event of an audit, you may need to provide proof that you do not qualify under the 80/80 rule.

90-Day Test	Food Sales		Total		Total Sales
	Taxable	Nontaxable	Food Sales	Nonfood Sales	
Hot Prepared Food Products	\$85,000				
Cold Food Products (for example, cold salad, milk) Sold to-go Sold for consumption on the seller's premises	4,000	\$5,000			
Nonfood Items (for example, carbonated and alco- holic beverages, cigarettes, souvenirs)				\$6,000	
TOTAL	\$89,000	\$5,000	\$94,000	\$6,000	\$100,000

* Do not include alcoholic and carbonated beverages as part of your food product sales. Although subject to tax, they are not considered food products.

Evaluation for the 80/80 rule is done on a location-by-location basis. Thus, if you own multiple locations, you may fall under the 80/80 rule for one location and not fall under it for another.

In the above example, the retailer comes under the 80/80 rule since over 80 percent of the retailer's sales are food sales ($\$94,000 \div \$100,000 = 94\%$), and over 80 percent of food sales are taxable ($\$89,000 \div \$94,000 = 95\%$). Therefore, all food sold in a form suitable for consumption on the seller's premises is subject to tax unless the seller makes a special election for cold food sold to go, as explained on page 3 (see "**special election**" under "To-go sales if you come under the 80/80 Rule").

When evaluating sales under the 80/80 rule, each location must be considered separately. A combination location such as a bakery-restaurant or food court location may be considered one operation for purposes of the above calculation even though the sales are segregated in the books and records.

What do you think of this pamphlet?

We hope this newly revised tax tip pamphlet will help you to better understand the Sales and Use Tax Law as it applies to your organization.

We would appreciate it if you could take a few minutes to give us your comments and suggestions, so that we can improve future revisions. We'd also like to have some information that will help us make our publications program more useful to you. Please answer the questions below and on the reverse, remove the page, and return it to us. It is designed as a postage-paid self-mailer: you may fold the page as indicated and seal it with two pieces of tape.

Thank you for taking the time to respond to this survey.

Pamphlet Comments and Suggestions

1. Does this pamphlet help you apply the sales and use tax in your business operations?
2. Are there any sections that you find particularly helpful? (please note)
3. Are there any sections that you find confusing? (please explain, if possible)
4. Are there any topics not addressed in this pamphlet that you would like us to include?
5. Are there any sections that you feel are incomplete and what would you add?
6. Do you have any other comments or suggestions for improving this pamphlet?

Name (optional) _____

Phone number (optional) _____

Date _____

Please answer questions on reverse

Tax Tips for
the Dining and
Beverage Industry

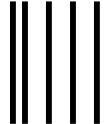
February 2006

Page 32

tape



State Board of Equalization
P.O. Box 942879
Sacramento, CA 94279-0058



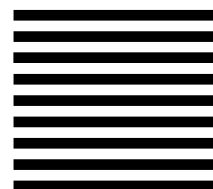
tape

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST-CLASS MAIL PERMIT NO. 199 SACRAMENTO CA

POSTAGE WILL BE PAID BY ADDRESSEE



**PUBLICATIONS UNIT MIC 58
STATE BOARD OF EQUALIZATION
PO BOX 942879
SACRAMENTO CA 94299-9879**



fold here

remove page at perforation

tape

fold here and seal with tape or tabs where indicated

tape

Reader Survey Information *(please check all boxes that apply)*

What is the nature of your business?

How long have you been operating?

- ☐ less than one year ☐ 1-5 years
☐ 6-10 years ☐ more than 10 years

Did you receive a copy of this pamphlet (or an earlier version) when you applied for or received your seller's permit?

- ☐ yes ☐ no ☐ not sure

How did you find out about this pamphlet?

- ☐ Board field office
☐ Board auditor
☐ Tax Information Bulletin
☐ Publications listing in a Board publication
☐ Board Website
☐ Other (please list) _____

Where did you obtain this pamphlet?

- ☐ Board field office
☐ Board auditor
☐ Board 800 Number Information Center
☐ Board website
☐ Other (please list)

Do you use any other Board publications to help you apply or understand the California Sales and Use Tax Law? (please list)
